

this topic over the last few months inviting the Small Business Administration, SBIR and STTR program managers from Federal agencies, various small businesses, and academics to discuss this program's successes and consider amendments that would improve it. I am happy to say that a great many of the ideas presented to the committee have found their way into this legislation.

For example, the bill requires agencies with an annual SBIR program of \$50 million or more a year to create an SBIR advisory board to review the program quarterly and recommend improvements. We found throughout the course of our work that there is simply not enough hard evidence available to effectively measure the success or failure of the programs. Several of our witnesses touched on this subject, and the National Academy of Sciences mentioned it in its congressionally mandated study of the SBIR program.

The bill also states that agencies required to have an SBIR advisory board must complete an evaluation of the competitive SBIR proposals within specific time frames. This is important to ensure that potential awardees are reviewed promptly and effectively. Given the complexity and time-consuming nature of awarding an SBIR grant award application, it can be very difficult to plan your business' future without knowing its fate for months at a time.

The legislation also increases the size of maximum awards to allow grant winners greater ability to develop their new technologies and provides agencies even greater flexibility to administer the programs. The award levels have not been raised or adjusted for inflation in 16 years. Several of our witnesses commented that the levels, particularly for phase I, offer very little wiggle room.

Additionally, I believe this legislation finds an appropriate balance on the issues of venture capital companies' funding of SBIR participants. I would like to thank the gentleman from Missouri (Mr. GRAVES) for all of his hard work on this issue. Mr. GRAVES has been a champion on this matter for years and has consistently worked to find a solution that balances funding the best science with maintaining the integrity of the program's goals of helping small businesses. I understand Mr. GRAVES will be offering a perfecting amendment during this proceeding that effectively strikes this balance, and I would urge Members on both sides of this aisle to support the amendment.

I would also like to thank the gentlelady from New York and chairwoman of our committee, Ms. VELÁZQUEZ, and her staff for working in such a strong bipartisan manner with me and other members of our committee and with our staff on this legislation. But this is nothing new. The gentlelady has consistently sought my input and Republican members on

the committee's input on various bills that we reported out of the committee and how they should be crafted. Although we may not always agree on every issue or there may be philosophical undertones, the spirit of working together in an effort to produce legislation that truly helps American small businesses always prevails, and I congratulate and commend the gentlelady for doing that.

Again, I urge my colleagues to vote for this legislation.

I reserve the balance of my time.

Mr. WU. Madam Chairman, I yield myself such time as I may consume.

I rise in support of H.R. 5819, this SBIR/STTR Reauthorization Act. I want to commend Chairwoman VELÁZQUEZ and the gentleman from Ohio for their fine work in the Small Business Committee to bring a strong bill to the floor. I also want to recognize Drs. EHLERS and GINGREY and Chairman GORDON of our Science and Technology Committee for their leadership on this issue.

SBIR and STTR are integral to our innovation agenda. Small companies are where a lot of innovation happens, and we need to support these companies to remain successful in the competitive global economy. At more than \$2.3 billion a year, SBIR and STTR comprise the largest single source of Federal funding for private sector technological innovation. These funds help fund companies to turn federally funded research into new jobs, products, and services. However, SBIR and STTR were created more than 20 years ago, and we need to restructure both programs to respond to the new global innovation environment.

Last week, the Technology and Innovation Subcommittee marked up H.R. 5789, the Science and Technology Innovation Act of 2008, which also reauthorized SBIR and STTR. I am glad to see that many of the provisions from H.R. 5789 were included in the subject bill, H.R. 5819.

I thank Chairwoman VELÁZQUEZ for working to include provisions that the Science Committee thought were critical to the continued success of SBIR and STTR.

Prior to coming to Congress, I practiced technology law for a number of years, and I helped a number of applicants through the SBIR application process. I can tell you that it is a long and arduous process and that frequently, grant sizes were not adequate. The bill we are considering today includes many updates which can fix some of the problems that I saw in the private sector, such as increasing the set-aside by one-half percent, increasing the award sizes, allowing for agency flexibility and granting awards, and addressing venture capital participation in the SBIR program.

Again, I want to thank the chairwoman for introducing this good legislation which improves upon existing programs that are vital to the development of innovative technologies. I urge my colleagues to support this bill.

I reserve the balance of my time.

Mr. EHLERS. Madam Chairman, I yield myself such time as I may consume.

The Small Business Innovation Research (SBIR) program and the Small Business Technology Transfer (STTR) program both were created to stimulate technological innovation, encourage the use of small businesses to meet Federal research and development needs, and increase private sector commercialization of innovations developed from Federal research and development. I believe both programs have been very successful and should be continued, and, on that basis, I support the legislation before us, although I disagree with some aspects of it.

The Science and Technology Committee has a long standing interest in promoting innovation and development by small businesses. Through these two competitive programs, the Small Business Administration is charged with ensuring that the Nation's small innovative businesses are a significant part of the Federal Government's research and development efforts. Currently, 11 Federal departments participate in the SBIR program, including the Departments of Agriculture, Defense, Commerce, Education, Energy, Health and Human Services, Homeland Security, and Transportation, as well as the Environmental Protection Agency, the National Aeronautics Space Administration, and the National Science Foundation. Of these 11, five departments also participate in the STTR program, awarding \$200 billion to small high-tech businesses.

The original legislation for SBIR was developed based on the Small Business Innovation Research program of the National Science Foundation. The NSF program was designed to encourage proposals from small science and technology firms in NSF program areas. The current Federal-wide program mirrors the original NSF program, which was also organized in three phases to ensure the most efficient use of resources.

Phase I was an opportunity to develop research on important scientific and engineering problems. Projects that were found to be promising after the phase I research stage were given phase II awards to further develop the research project. Phase III is a transition phase that involves commercialization of the products or processes developed in the first phases.

Similar to SBIR, STTR is also a highly competitive three-phase program that reserves a specific percentage of Federal research and development funding for small businesses to work in partnership with nonprofit research institutions to help move ideas from the laboratory to the marketplace, to foster high-tech economic development in the United States, and to help to meet the technological needs of the Federal Government. Since the implementation of this program in 1983 through fiscal year 2006, over \$20.7 billion has been given in awards for more